



# Productivity Today

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## Productivity Today

As stated in the previous issue, the new name for "VE Today" is "Productivity Today". The newsletter will include productivity programs within the U.S. Army Industrial Operations Command such as A-76 Commercial Activities, Management Controls, Productivity Measurement Program (PMP), Service Based Costing, and Army Ideas for Excellence Program..

We would also like to say goodbye to individuals taking the VERA and VISP, Shirley Cruzen and Tess Esquivel respectively. In addition, welcome aboard the following:

Richard Heider, Commercial Activities  
Dan Lackey, Commercial Activities  
Rick Paul, VE Awards, Budget  
Gloria McKinney, AIEP Manager  
Thomas Sullivan, VE Action Officer

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## Tooele Army Depot Meets FY 2000 Goal (Already!)

Tooele Army Depot (TEAD) ended the first quarter of the fiscal year by meeting their VE FY 2000 goal. They're the only installation to accomplish this feat. TEAD submitted a VEP to replace only 60% of rail ties instead of 100%. Originally, TEAD scheduled 50,000 rail ties for replacement at \$3.2 M. After analysis, they decided to replace only rail ties that did not pass inspection. Consequently, the installation saved \$1.3 M and reported a VE savings!

Deidre Eaton, AMSIO-RMP, DSN 793-5204

## Don't Wait Until The Fourth Quarter

The Value Engineering Program has quarterly goals. If your organization has a VE goal assigned to it, then you must also hit quarterly goals. Quarterly goals are 15% of your annual goal by the end of the first quarter; 40% of your annual goal by the end of the second quarter; 70% of your annual goal by the end of the fourth quarter; and achievement of your annual goal by the end of the fiscal year.

The IOC must report its VE progress quarterly to the U.S. Army Materiel Command. If we do not achieve the quarterly goal, we must explain why and what actions we are taking to get back in the "green". It is better to meet the quarterly goals. We must all work to ensure that we meet quarterly goals.

IOC organizations which have VE goals assigned them will be added to the Metric Management Reporting System so that the Commanding General of IOC will have visibility over their progress in achieving quarterly goals.

Tim Karcher, AMSIO-RMP, DSN-793-4767

## Productivity Measurement Program (PMP) News

We did it. The Resource Management Systems Team, along with our Resource Management Productivity Team, converted all the HQ IOC Offices (about 1200 employees) and 22 installations (about 500 employees) to the Automated Time and Attendance and Production System (ATAAPS). The HQ IOC offices were all using ATAAPS by January 1999 and the installations by October 1999.

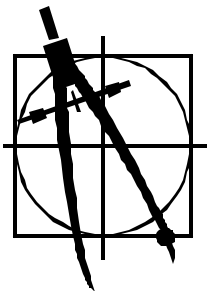
We received a new version of ATAAPS in November 1999 from the Software Engineering Organization – Pensacola (SEOPE) Design Agency. They added the single (bulk) labor window. From one screen, you can add labor for the entire pay period for an employee. This speeds up the inputting for our timekeepers. This is also good news for the modem users at some of our installations. This new window reduces the amount of data flowing back and forth from modem users and will help speed up their response time.

The next version, possibly in March 2000, may include a System Change Request (SCR) that our Resource Management Systems Team submitted to the design agency. The SCR will eliminate the Project Management screen in ATAAPS. This is the screen where authorized personnel from the Productivity and Systems Resources Teams build projects, one by one, with an employee's Job Order Number and each Operational (OP) Code they use. This is a very tedious process. The new version will allow timekeepers to select a Job Order Number from one field and an OP Code from another field. Timekeepers will not need to request us to build projects and we will not have to enter them "one by one".

We can also provide Productivity Reports from the ATAAPS data that we collect each pay period. So far, we have received requests ranging from leave usage reports to reports on the time spent on a particular project. Just let us know and we can design a report for you.

This is my "first" and "last" article as the PMP POC for ATAAPS. I will be moving on to the Commercial Activities Team in AMSIO-RMP. Our new PMP POC is Mr. Chester Lind. Mr. Lind is a familiar face in our office. He comes to us from the Value Engineering Team, but also has extensive experience in the PMP area. You can reach him at (309) 782-4649, DSN 793-4649, or email [lindc@ioc.army.mil](mailto:lindc@ioc.army.mil).

Felicia Sevedge, AMSIO-RMP, DSN 793-5442



## Command Assessment at Holston AAP and Radford AAP

Mr. Robert Roehlk from the IOC Productivity Team participated in the Command Assessments. Mr. Roehlk reviewed the VE Programs at the two plants. The Value Engineering Managers, Mr. Mike Mills (Holston) and Mr. Randolph Evans (Radford), are strong supporters of VE and are working hard to keep the programs going at both installations.

Robert Roehlk, AMSIO-RMP, DSN 793-6935

*I'd like to be a bigger and more knowledgeable person 10 years from now than I am today. I think that, for all of us, as we grow older, we must discipline ourselves to continue expanding, broadening, learning, keeping our minds active and open. — Clint Eastwood*

# Total Ownership Cost Reduction – Tomorrow's Army Today

## Introduction – What is Total Ownership Cost Reduction?

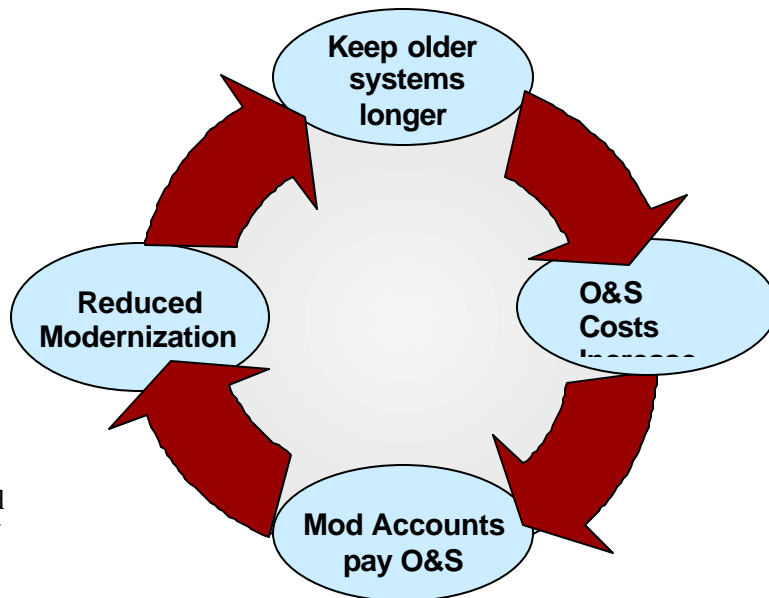
Total Ownership Cost Reduction, also known as TOCR, is both a way of doing business and a new Department of the Army (DA) program. Its focus is to reduce the cost of owning every aspect of the Army. This becomes clearer when we consider the definition of Total Ownership Cost (TOC):

“TOC is the *cost of owning the Army*. It is the sum of all costs to research, develop, acquire, own, operate, and dispose of weapon and support systems, other equipment and real property, the costs to recruit, train, retain, separate, and otherwise support military and civilian personnel.”

As both a program and a way of doing business, TOCR is looking for good ideas that will reduce cost from every area of Army operations.

## Why is TOCR relevant?

To understand why TOCR is so critical, one must understand the current challenges facing the Army as depicted in the chart below:



We start with the indisputable fact that we're keeping legacy systems longer. As we maintain legacy systems longer our operating and support costs increase. In order to pay support costs we spend more money, which reduces our ability to modernize the fleet and forces us to hold on to legacy systems longer, leading us to the beginning of the cycle.

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TOCR's design breaks this cycle by reducing the ownership costs of legacy systems.

## Breaking the Cycle – How Does TOCR Work?

How will TOCR break this cycle? The idea behind TOCR is simple: the Army, at the Department of the Army (DA) level, will centrally fund initiatives that reduce ownership costs. In order to maximize TOCR effectiveness, the DA TOCR Support Office (DATSO) has designed this program to have broad applicability. In fact, there is no restriction on

Total Ownership Cost Reduction....con't page 3

appropriation applicability. This means that DA will fund initiatives regardless of where the return on investment comes from. Therefore, TOCR supports all six Program Evaluation Groups (PEGs): Manning, Equipping, Organizing, Training, Sustaining, and Facilities.

The DA TOCR program will begin in the FY 2002-2007 Program Objective Memorandum (POM) Funding Cycle. To support this cycle, DA has asked Army commands and activities to identify candidate projects now. DA's long term plans for this program are to allow activities to submit good TOCR ideas at any time throughout the fiscal year although funding will be dependent on the normal POM funding cycle.

"Congratulations  
TOOELE  
for  
your successful  
VE Program!"

### Industrial Operations Command TOCR Program

The IOC is fully supporting the Army's TOCR program. How? We've developed an *ad hoc* TOCR Team to identify and develop TOCR project candidates at HQ IOC. The team has representatives from the Munitions and Armament Center (MAC), the Army War Reserve Support Command (AWRSPTCMD), Command Analysis (CA), Internal Review (IA) and the Resource Management Productivity Team (RMP).

We're currently in the process of identifying and developing strong TOCR candidates to submit to DA. We anticipate having candidates at DA by the end of January 2000.

### Summary

TOCR is a great concept and has the potential to be a great program. However, it needs our support! If you have ideas for projects that you think could reduce Army Total Ownership Cost, please contact the points-of-contact listed below.

Scot Johnson, AMSIO-RMP, DSN 793-5017 or Elias Pizano, RMP, DSN 793-7773

## Tools for Operating and Support Cost Reduction

Operating and support and Support (O&S) cost reduction is increasingly important to meet the modernization and readiness requirements of the Army. We in the AMC family have a variety of tools immediately available to help: (1) identify and prioritize O&S cost drivers and (2) identify various alternatives that can lead to reducing these costs. These tools include databases, which capture field experience, costs and stock positions, as well as models that we can use to analytically quantify resource drivers and help in making trade-off decisions.

Did you know that the Army Materiel Systems Analysis Activity (AMSAA) has a report that describes such databases and models with examples of their use in identifying O&S costs and alternatives for cost reduction? This report, entitled *A Guide to Tools for Operating and Support Cost Reduction (OSCR) - An AMSAA Perspective*, is available at the following web site: <http://amsaa-web.arl.mil/oands/oands.htm>. Check it out!

Scot Johnson, AMSIO-RMP, DSN-793-5017

***Champions aren't made in gyms. Champions are made from something they have deep inside them-a desire, a dream, a vision. They have to have the skill, and the will. But the will must be stronger than the skills. - Muhammad Ali***

## **The Commercial Activity Process at Rock Island Arsenal**

The Department of Defense, along with other federal government agencies, is allocating a lot of time, money, and personnel resources in trying to reduce the number of federal employees currently on the payroll. One program that continues to maintain popular political support from Washington, D.C., is a commercial activities program that forces government employees to compete their work with private industry. Office of Management and Budget Circular A-76 describes the commercial activities program and is the document the U.S. Army Industrial Operations Command (IOC) follows to execute the studies in the command.

The Federal Activities Inventory Reform (FAIR) Act of 1998 requires federal agencies to make public the number of personnel spaces that they can contract out and spaces which are inherently governmental. The list, which agencies update annually, gives contractors and employees the opportunity to challenge the designations of jobs.

The IOC started implementing the A-76 program FY 98. Currently, the command has six organizations under study: the arsenals at Rock Island, Watervliet, and Pine Bluff; and three Army depots at Blue Grass, Sierra, and Tooele.

Organizations undergoing the A-76 process must prepare an extensive amount of written material, of which some material is for public use, and some material is for the public-private cost comparison. The Performance Work Statement (PWS) is the document that describes the work an organization performs. The PWS is available to potential bidders, and it is from this document that they make their bids. The PWS only states what "must be done" in performance-based language. It does not tell how an organization performs work.

The commercial activities' team at Rock Island Arsenal (RIA) is writing their PWS. They have recently staffed a draft copy of the PWS to the IOC ad hoc team for their review and comment. The ad hoc team consist of people from many organizations in IOC and includes resource management, information management, security, safety, environmental, human resources, ammunition, logistics, acquisition, equal opportunity, legal, internal audit, inspector general, public affairs, and small business.

After the ad hoc members complete their review, they will send their suggestions to the IOC commercial activities' team. The IOC commercial activities' team is assembling a final list of suggestions and comments to send to the RIA commercial activities' team for their review. The RIA commercial activities' team will evaluate the suggestions and make any necessary adjustments to their PWS.

Creating a PWS is difficult and time consuming, but a necessary part of the A-76 cost comparison process. A carefully written PWS will encompass the function(s) under study, fully describing the work the performing activity must accomplish.

Erik Bakken, AMSIO-RMP, DSN 793-6936

## **Letterkenny Army Depot VE Training**

U.S. Army Aviation and Missile Command (AMCOM) requested the HQ, U.S. Army Industrial Operations Command, Value Engineering (VE) Team to conduct a VE workshop at Letterkenny Army Depot, Chamberburg, Pennsylvania. AMCOM funded this training mission. Mr. Jack Steward, Value Engineering Manager at Letterkenny, coordinated the training with our office. On 16 and 17 November 1999, Mr. Elias Pizano and Mr. Robert Roehlk conducted Principles of Value Engineering training to 12 individuals. The training consisted of an overview of Value Engineering, Function Analysis System Technique (FAST) and Value Engineering Proposal submissions. The individuals expressed that the training would be of great benefit with the work they are doing.

Robert Roehlk, AMSIO-RMP, DSN 793-6935

## Army Ideas for Excellence Program (AIEP) - Changes for the Y2K

The U.S. Army Industrial Operations Command (IOC) AIEP manager, Ms. Shirley Cruzen, retired 31 December 1999. Shirley was the IOC AIEP manager since November 1996. Ms. Cruzen received the Commander's Civilian Service Award for her contributions to the AIEP. She also received the Recognition for Excellence Service award from Headquarters, U.S. Army Materiel Command. Ms. Gloria McKinney of IOC Budget Team is replacing Ms. Cruzen as the AIEP manager. Ms. McKinney is a welcomed addition to the Productivity Team.

Because of the realignments, Ms. Marge Dilley and Ms. Charlotte Gordon received transfers to the PM Rocket Office and the Installation Management Directorate, effective 10 October 1999. Ms. Kim Poling assumed Ms. Dilley's AIEP database management duties as of 10 October 1999.

You may reach Ms. McKinney by telephone at DSN 793-6869 or e-mail at [mckinneyg@ioc.army.mil](mailto:mckinneyg@ioc.army.mil).

Jesse W. Ivy, AMSIO-RMP, DSN 793-4587

## Management Control Process

What is the Management Control Process?

Management practices that reasonably assure organizations achieve the following:

- Effectiveness and efficiency of operations.
- Reliability of financial reporting.
- Compliance with applicable laws and regulations.

Management Control Process is synonymous with internal controls.

Management Control Process is:

- A continuous built-in component of operations.
- Effected by people.
- Provides reasonable assurance, not absolute assurance.

The five standards for the Management Control Process that define the minimum level of quality acceptable in government:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communications
- Monitoring

In the next issue of "Productivity Today", we will give more explanation for each of the standards and some examples.

Craig Borgh, AMSIO-RMP, DSN 793-4933

**Iron rusts from  
disuse, stagnant  
water loses its  
purity and in cold  
weather  
becomes frozen;  
so does  
inaction sap the  
vigor of the mind.**

**Leonardo de  
Vinci -1452-1519  
(1743-1826)**

# Management Controls – Participation in Command Assessments

Messrs. Jesse Ivy and Craig Borgh participated in Command Assessments to assess the management controls process at following installations:

Crane Army Ammunition Activity	Jesse Ivy	July 1999
Iowa Army Ammunition Plant	Jesse Ivy	August 1999
McAlester Army Ammunition Plant	Craig Borgh	August 1999
Lake City Army Ammunition Plant	Jesse Ivy	August 1999
Tooele Army Depot	Jesse Ivy	August 1999
Pine Bluff Arsenal	Craig Borgh	August 1999
Lone Star Army Ammunition Plant	Craig Borgh	September 1999
Holston Army Ammunition Plant	Craig Borgh	October 1999
Radford Army Ammunition Plant	Craig Borgh	December 1999

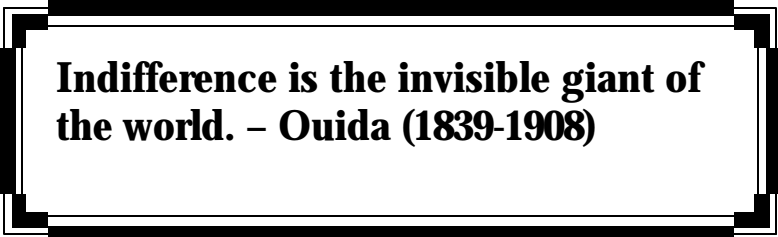
They found the management control processes at all the installations to be acceptable. They also conducted management controls training at McAlester, Lake City, Pine Bluff, and Lone Star.

Craig Borgh, AMSIO-RMP, DSN 793-4587

## VE Awards

Good News! The IOC awards are in process. After a lengthy delay due to schedule changes of the Plant Commanders' Conference and internal moves in RM, down sizing, and retirements in our office. Currently, the awards are going through the chain of command to get the signatures, and the engraver is working on the plaques as we speak. The Productivity Team is getting back on line with our new people and redistributing the workload through out. Currently, Mr. Rick Paul is working VE Awards assignments for FY 2000 and he will be looking forward to working with each and everyone in the upcoming year on the AMC and the IOC Award packages. Rick's e-mail address is [paulr@ioc.army.mil](mailto:paulr@ioc.army.mil).

Robert Combs, AMSIO-RMP, DSN 793-7770  
Rick Paul, AMSIO-RMP, DSN 793-2996



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